

EXTENSIONS OF REMARKS

VA PRESCRIPTION DRUG BENEFIT IN PERIL

HON. CLIFF STEARNS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. STEARNS. Mr. Speaker, I rise to share with you my concern with a letter I recently received from the Department of Veterans Affairs. As Chair of the Subcommittee on Health of the Committee of Veterans' Affairs, I am deeply concerned by any action that threatens the well-being of those Americans who have laid their lives on the line for our country.

I know that many of my colleagues have signed on to a bill that promises to help senior citizens better afford their medicines. I refer to H.R. 664, which would extend favorable government prices for prescription drugs to retail pharmacies serving the Medicare population. Although this may sound like a win-win proposition, there would be some very big losers, namely, the nation's veterans.

The letter I received from Thomas L. Garthwaite, M.D., Acting Under Secretary for Health of the Veterans Administration reads, in part: We believe enactment of H.R. 664 would increase VA's annual pharmaceutical costs by \$500 to \$600 million.

This could put the health of millions of veterans at risk because the VA would have to make up for those increased expenditures either by denying veterans needed medicines or by cutting back on other health care services. Our veterans deserve better than that.

The purpose of this speech is not to pit veterans against seniors. Rather, it's to suggest that H.R. 664 is not the way to help either of these groups. It would extend price controls to more than 40 percent of the pharmaceutical marketplace. And price controls, throughout their long and dismal history, have never solved anything. Instead, they've created shortages, delays and rationing, which we simply can't afford in health care.

We owe a debt to veterans and I intend to see that the debt is paid in full. We also have an obligation to help senior citizens gain better access to the benefits of modern medicines. Seniors deserve more from their Members of Congress than the false promise of cheap drugs through price controls. In a word, they deserve coverage. We need to roll up our sleeves and get to work on legislation that would expand coverage options for seniors while protecting the well-earned health benefits of our nation's veterans.

Mr. Speaker, I insert this letter for the RECORD.

DEPARTMENT OF VETERANS AFFAIRS,
VETERANS HEALTH ADMINISTRATION,
Washington, DC, August 11, 1999.

Hon. CLIFF STEARNS,
Chairman, Subcommittee on Health, Committee
on Veterans' Affairs, House of Representatives,
Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your letter on the impact on the Department of Veterans Affairs (VA) of H.R. 664, which

would extend favorable government prices for pharmaceuticals to the Medicare population.

We are very concerned that this proposed legislation would have an indirect, negative impact on VA pharmaceutical budgets. Section 3(c) of the bill would force covered outpatient drug manufacturers to sell to Medicare-affiliated pharmacies at the lower of the Medicaid reported best price or the "lowest price paid for [the drug] by an agency or department of the United States". The latter benchmark would include not only low Federal Supply Schedule (FSS) and FSS Blanket Purchase Agreement (BPA) prices negotiated by VA for the Government, but also large volume committed use national contract prices obtained by VA and/or Department of Defense (DOD) in head-to-head competitive procurements. Perhaps most importantly, the "lowest price paid" benchmark would include many Federal ceiling prices (FCPs) already imposed on manufacturers by the Veterans Healthcare Act of 1992, Section 603 (Public Law 102-585; 38 U.S.C. 8126).

By way of further information, through many recent inquiries by drug manufacturers regarding this bill, we have been informally informed that manufacturers may no longer offer lower-than-FCP prices to VA and DOD in BPA and national contract negotiations. They may also invoke 30-day cancellation clauses in FSS contracts and BPAs, to the extent allowed by Public Law 102-585, which would force Government healthcare agencies to buy drugs in the open market at much higher retail prices or AWP (average wholesale prices).

In summary, we believe enactment of H.R. 664 would increase VA's annual pharmaceutical costs by \$500-600 million. We would be pleased to discuss this matter further with you. If you have additional questions, please contact me or Mr. John Ogden, Chief Consultant for Pharmacy Benefits Management, at 202.273.8429/8426.

Sincerely,

THOMAS L. GARTHWAITE, MD,
Acting Under Secretary for Health.

TRIBUTE TO DIETER SCHMIDT—A TIRELESS ADVOCATE FOR CLOS- ER GERMAN-AMERICAN RELA- TIONS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. LANTOS. Mr. Speaker, I rise today to pay tribute to Dieter A. Schmidt, Director of the Institute for Foreign Relations of the Hanns Seidel Foundation of Munich, Germany. Mr. Schmidt is a true friend of the United States and a longtime force for stability and cooperation in Europe.

One of Mr. Schmidt's most lasting accomplishments has been his leadership of the Franz Josef Strauss Symposium, a highly regarded international conference on foreign and security policy. The Symposium—which will be held for the twentieth time later this year in Munich—has provided a platform for senior American officials and Members of Congress

to meet and discuss with their German counterparts perspectives on critical issues relating to Germany and European affairs.

For the past two decades, this outstanding forum has provided an excellent opportunity to consider and evaluate the dramatic changes that have taken place in Central Europe—the fall of the Berlin Wall, the end of the Cold War, the enlargement of NATO, and the changing nature of international institutions in the post-Cold War era. Dieter Schmidt's guidance—from helping to establish the Symposium in 1979 to chairing its meetings and working tirelessly to bring together policy makers on both sides of the Atlantic—has provided a critical forum for leaders of both of our countries to meet, to build strong personal relationships and to create greater mutual understanding and cooperation.

Throughout his career, Schmidt has time and time again worked to strengthen German-American relations. In 1957, as a young officer, he attended an exchange program at the United States Military Academy at West Point. In 1968, Schmidt returned to the United States for CBW warfare training at Fort McClellan, Alabama. After his military career, he became the international secretary of the Christian Social Union Party. In that capacity, Schmidt played a key role in the founding of the International Democratic Union (IDU), a worldwide association of Christian Democratic and conservative political parties. For many years now he has served as a member of the Committee for International Affairs of the IDU, where he was instrumental in expanding the organization to include American participation.

In 1981, in his capacity as Director of the Institute for Foreign Relations at the Hanns Seidel Foundation, Dieter Schmidt initiated a series of annual conferences to educate congressional staff about the German and European political processes. In the past eighteen years, these extremely valuable conferences have involved the participation of almost two hundred Congressional staff members, and they have provided the participants with a much broader and more meaningful understanding of Germany and of America's other key allies and partners in Europe.

Mr. Speaker, as we mark the twentieth gathering of the Franz Josef Strauss Symposium, I invite my colleagues to join me in paying tribute to the remarkable contributions of Dieter Schmidt to the close ties between Germany and the United States. His efforts merit our great appreciation and our respect.

RECOGNIZING MR. RAMON
GONZALES AND THE "MIRACLE
ON WEST 31ST STREET"

HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. PASTOR. Mr. Speaker, I rise today to pay tribute to Mr. Ramon Gonzales, a generous man of limited means who works hard

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